# Calendar No. 540

97TH CONGRESS, 2d Session } SENATE { REPORT No. 97-379

AUTHORIZING APPROPRIATIONS FOR FISCAL YEAR 1983 FOR INTELLIGENCE ACTIVITIES OF THE UNITED STATES GOVERNMENT, THE INTELLIGENCE COMMUNITY STAFF, THE CENTRAL INTELLIGENCE AGENCY RETIREMENT AND DISABILITY SYSTEM (CIARDS), AND FOR OTHER PURPOSES

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MAY 5 (legislative day, APRIL 13), 1982.—Ordered to be printed

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Mr. WALLOP (for Mr. GOLDWATER), from the Select Committee on Intelligence, submitted the following

## REPORT

[To accompany S. 2487]

The Select Committee on Intelligence, having considered the original bill (S. 2487) authorizing appropriations for fiscal year 1983 for intelligence activities of the U.S. Government, the Intelligence Community Staff, the Central Intelligence Agency Retirement and Disability System, and for other purposes, reports favorably thereon without amendment and recommends that the bill do pass.

### PURPOSE OF THE BILL

This bill would:

(1) authorize appropriations for fiscal year 1983 for (*a*) intelligence activities of the United States, (*b*) the Intelligence Community Staff, and (*c*) the CIA Retirement and Disability System;

(2) authorize the personnel end-strengths as of 30 September 1983 for (*a*) the Central Intelligence Agency, and (*b*) the Intelligence Community Staff; and

(3) authorize supplemental appropriations for fiscal year 1982 for the intelligence activities of the United States.

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OVERALL SUMMARY OF COMMITTEE ACTION

[In millions]

| | Fiscal year 1982 | Budget request | Committee recommends | Committee recommended changes |
|---|---|---|---|---|
| Intelligence activities | | | | |
| Intelligence community staff | $13.4 | $18.3 | $15.2 | −$3.1 |
| CIARDS | 84.6 | 91.3 | 91.3 | |
| Total | | | | |

THE CLASSIFIED REPORT

The classified nature of U.S. intelligence activities prevents the Committee from disclosing the details of its budgetary recommendations in this Report.

The Committee has, however, prepared a classified report which describes in detail the full scope and intent of its actions, and the specific amounts authorized for each of the major intelligence programs. The Committee intends that the classified report, although not available to the public, will have the full force of any Senate Report, and that the intelligence community will comply with the guidelines, directions, and limitations contained therein.

The classified report is available for review by any member of the Senate, subject to the provisions of Senate Resolution 400.

SCOPE OF COMMITTEE REVIEW

The Committee, through its Budget Authorization Subcommittee, conducted a detailed review of the intelligence community's fiscal year 1983 budget request. This included:

Hearings involving some 20 hours of testimony, which included the Director of Central Intelligence, key Defense Department officials, and each of the principal program managers;

Detailed examination of over 2,000 pages of budget justification material, and a number of special studies requested by the Committee;

Review of written responses from the intelligence community to several hundred questions for the record, containing supplemental information on specific subjects or issues; and

Numerous briefings and interviews on major topics of interest.

The Subcommittee continued steps begun last year to reorient its approach to the budget authorization process. This year, the U.S. intelligence program was examined almost entirely on a functional basis; hearings were conducted which examined programs throughout the Community involved in such activities as: analysis and production; collection of foreign intelligence; and covert action. The Subcommittee is persuaded that this approach provides extremely valuable insights into the strengths and weaknesses of U.S. intelligence activities, and plans to examine future budget requests accordingly.

During the course of the budget authorization process, the Subcommittee focused its attention on the following key areas:

Long-term challenges facing the intelligence community over the next five to ten years;

How well the community is likely to be able to meet these challenges;

Major gaps and deficiencies in current capabilities;

Steps proposed in the fiscal year 1983 budget to overcome existing deficiencies and to improve the community's long-term performance; and

Accomplishments during the past year in improving the quality of analysis, human source collection abroad, and foreign counterintelligence and counterterrorism capabilities.

### OVERALL COMMITTEE FINDINGS AND RECOMMENDATIONS

The Committee continues to believe that strengthening and improving the U.S. intelligence system should remain among our highest national priorities. As we have emphasized for the past two years, investment in intelligence must grow to ensure the system is able to meet the challenges U.S. policymakers will face in the 1990's. Our assessment has not changed; we see no lessening of the worldwide competition with our principal adversaries, while at the same time, developments in the Third World and global issues will grow in importance to our national security.

Until recently, resource constraints and inflation have seriously limited the intelligence community's ability to take the steps necessary to ensure they would be able to meet these challenges adequately. Actions over the past two years are beginning to improve this situation, but further enhancements will be necessary. Fiscal year 1983 represents another important step in the revitalization of the U.S intelligence system, which has been surviving from capital investments undertaken over a decade ago. Major investments have been provided for a new generation of technical collection systems; improvements in analysis and analytic support systems; expanded human source collection abroad; improvements in our capabilities to counter foreign espionage and international terrorism; and modernization of the worldwide intelligence support infrastructure.

Major investments will continue to be required through the mid-to-late 1980's to fully recapitalize the intelligence system and acquire the capabilities necessary to satisfy the broad range of policy needs likely to emerge in the decade ahead. The Committee is persuaded that these investments are essential and that the appropriations recommended for fiscal year 1983 represent a prudent strategy for achieving these goals.

### EVALUATION OF REGULATORY IMPACT

In accordance with Paragraph 11(b) of Rule VI of the Standing Rules of the Senate, the Committee finds that no regulatory impact will be incurred in implementing the provisions of this legislation.

CONGRESSIONAL BUDGET AND IMPOUNDMENT CONTROL ACT

The Committee has complied with section 403 of the Congressional Budget and Impoundment Control Act of 1974 to the extent practicable.

TITLE I—NATIONAL INTELLIGENCE PROGRAM

*Committee recommendations*

Details of the Committee's recommendations with respect to the amounts to be appropriated for intelligence activities under this title are contained in a classified supplement to this report.

TITLE II—INTELLIGENCE COMMUNITY STAFF

| | *Millions* |
|---|---|
| Fiscal year 1982 program | $13.4 |
| Fiscal year 1983 request | 18.3 |
| Committee recommended change | −3.1 |
| Committee recommendation | 15.2 |

*Authorization request*

The Intelligence Community Staff requested $18.3 million and 220 staff personnel for fiscal year 1983 to support the Director of Central Intelligence in fulfilling his responsibilities for overall management and direction of the intelligence community.

*Committee recommendation*

The Committee recommends an appropriation in the amount of $15,200,000 for the Intelligence Community Staff for fiscal year 1983. This represents a reduction of $3,100,000 from the budget request, but an increase of $1,800,000 or 13.4 percent over the fiscal year 1982 program.

For the fiscal year beginning October 1, 1982, the Committee recommends a personnel end-strength ceiling of 210 full-time employees. Such employees may be permanent employees or employees on detail from other elements of the U.S. Government. Any employee who is detailed to the Intelligence Community Staff from another element of the U.S. Government shall be detailed on a reimbursable basis, except that an employee may be detailed on a non-reimbursable basis for a period of less than one year for performance of temporary functions as required by the Director of Central Intelligence.

*Committee recommended changes*

*Manpower (−10 positions; −$0.4 million).*—The Intelligence Community Staff requested ten additional people in the fiscal year 1983 budget to establish a product evaluation panel to assess the value and quality of selected national intelligence products. Although the Committee agrees that this would be a worthwhile endeavor, we believe there is sufficient flexibility within current staffing to be able to provide the necessary manpower. The Committee recommends, therefore, that realignments be undertaken within the staff to perform this function.

*New computer (−$1.2 million).*—The staff also requested $1.2 million for procurement of a dedicated computer to develop and manipu-

late resource management and other data bases associated with intelligence community activities. The staff now has a remote operation facility that provides direct access to the CIA computer center; thus, there appears to be little justification for a dedicated computer system. The Committee recommends, therefore, that the funds for the new computer be denied.

*External contracts (—$1.5 million).*—The budget requests a total of $4.5 million in fiscal year 1983 for a variety of analyses and studies by external contractors; this represents almost double the amount allocated for such activities last year. Although some increase is clearly needed in the area of collection management and tasking, the Committee was not persuaded that the total requested was warranted. Therefore, a reduction of $1.5 million is recommended.

## TITLE III—CENTRAL INTELLIGENCE AGENCY RETIREMENT AND DISABILITY SYSTEM

| | |
|---|---|
| Fiscal year 1982 program | $84.6 |
| Fiscal year 1983 request | 91.3 |
| Committee recommended changes | ----- |
| Committee recommendation | $91.3 |

*Authorization request*

The Central Intelligence Agency requested $91.3 million in year 1983 for the CIA Retirement and Disability fund to finance the cost of: (1) interest on the unfunded liability, (2) annuities attributable to credit allowed for military services, (3) benefits not met by employee/employer contributions, and (4) the increase in unfunded liability resulting from liberalized benefits and Federal pay raises.

The Central Intelligence Agency Retirement Act of 1964 for certain employees (Public Law 88–643, Oct. 13, 1964) authorized the establishment of a Central Intelligence Agency retirement and disability system for a limited number of Agency employees, and authorized the establishment and maintenance of a fund from which benefits would be paid to qualified beneficiaries.

The benefits structure of CIARDS is essentially the same as for the civil service retirement system with only minor exceptions. These exceptions are: (*a*) Annuities are based upon a straight 2 percent of hight-3 average salary for each year of service, not exceeding 35; (*b*) under stipulated conditions, a participant may, with the consent of the Director, retire or at his direction be retired at age 50 with 20 years of service, or a participant with 25 years of service may be retired by the Director regardless of age; and (*c*) retirement is mandatory at age 65 for personnel in grade GS–18 or above and at age 60 for personnel in grades GS–17 and below, except that the Director may in the public interest extend service up to 5 years.

In order to provide for the continuing solvency of the CIARDS fund, financing legislation comparable to that enacted for the Foreign Service retirement and disability fund was enacted as Public Law 94–522 (Oct. 17, 1976).

*Committee recommendation*

The Committee recommends appropriation of the full amount requested for the CIA Retirement and Disability fund for fiscal year 1983.

## TITLE IV—SUPPLEMENTAL AUTHORIZATION FISCAL YEAR 1982

*Committee recommendation*

Details of the Committee's recommendations with respect to supplemental appropriations authorized for intelligence activities under this title are contained in a classified supplement to this report.

*Budget waiver resolution*

Pursuant to Section 402(c) of the Congressional Budget Act of 1974, the Committee has reported a budget waiver resolution with respect to this title.

## TITLE V—GENERAL PROVISIONS

Section 501. This section authorizes intelligence appropriations to be increased by such amounts as may be necessary to cover increases in pay and benefits that may be authorized by subsequent legislation.

Section 502. This section amends the Central Intelligence Agency Act of 1949 (50 U.S.C. 403c) to exclude procurement of automatic data processing equipment and services from the scope of section 111 of the Federal Property and Administration Services Act (FPASA) of 1949 (40 U.S.C. 759). The Central Intelligence Agency uses automatic data processing equipment and services extensively in the conduct of intelligence activities. The effective conduct of such activities require flexibility and strict security in the acquisition of automatic data processing equipment and services; the provisions of Section 111 of the FPASA, however, often conflict with these requirements. In recognition of this conflict, the Congress last year excluded all Department of Defense ADP equipment and services procurement whose function, operation, or use involves intelligence activities from the scope of the FPASA. This amendment would provide a similar exemption for the Central Intelligence Agency.

Section 503. This section extends to the Defense Intelligence Agency the same protection against misuse of its name, initials, and seal as has been afforded the Central Intelligence Agency and the National Security Agency (see Sections 503 and 603, Public Law 97–89). This amendment would protect the Defense Intelligence Agency name, initial, and seal from misuse in connection with any merchandise, impersonation, solicitation, or commercial activity in a manner reasonably calculated to convey the impression that such use is approved or authorized by DIA. It also authorizes the Attorney General to initiate civil proceedings to enjoin prohibited acts or practices.

## CHANGES IN EXISTING LAW

In the opinion of the Committee, it is necessary to dispense with the requirements of Section 4 of Rule XXIX of the Standing Rules of the Senate in order to expedite the business of the Senate.